

NATIONAL CASA ASSOCIATION

FINANCIAL REPORT

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National CASA Association
Seattle, Washington

We have audited the accompanying financial statements of National CASA Association, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National CASA Association as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2016, on our consideration of National CASA Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering National CASA Association's internal control over financial reporting and compliance.

Peterson Sullivan LLP.

April 4, 2016

NATIONAL CASA ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 1,585,120	\$ 1,638,260
Investments	271,356	283,692
Receivable from Department of Justice	298,789	579,620
Contributions receivable - current portion	216,348	62,663
Deposited and prepaid expenses	<u>67,563</u>	<u>73,523</u>
Total current assets	2,439,176	2,637,758
Contributions Receivable, net of current portion and discount	249,953	
Contributions Receivable Restricted for the Endowment, net of discount	<u>341,687</u>	
Total assets	<u>\$ 3,030,816</u>	<u>\$ 2,637,758</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 79,184	\$ 75,684
Accrued vacation payable	34,545	65,918
Grants payable		<u>371,000</u>
Total current liabilities	113,729	512,602
Net Assets		
Unrestricted	1,369,117	1,331,832
Temporarily restricted	1,206,283	793,324
Permanently restricted	<u>341,687</u>	
Total net assets	<u>2,917,087</u>	<u>2,125,156</u>
Total liabilities and net assets	<u>\$ 3,030,816</u>	<u>\$ 2,637,758</u>

See Notes to Financial Statements

NATIONAL CASA ASSOCIATION

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Department of Justice								
cooperative agreements	\$ 4,650,041	\$ -	\$ -	\$ 4,650,041	\$ 4,923,703	\$ -	\$ -	\$ 4,923,703
Department of Justice grant	3,029,394			3,029,394	3,725,104			3,725,104
Conference fees	499,846			499,846	389,403			389,403
Membership dues	225,035			225,035	177,535			177,535
Corporate and foundation								
contributions	514,825	1,123,704	341,687	1,980,216	445,759	895,000		1,340,759
Individual contributions	384,583	34,646		419,229	525,554	2,500		528,054
Interest and investment income (loss)	(543)			(543)	14,893			14,893
Net assets released from restrictions	745,391	(745,391)			779,505	(779,505)		
Total support and revenue	10,048,572	412,959	341,687	10,803,218	10,981,456	117,995		11,099,451
Expenses								
Training and technical assistance	2,132,844			2,132,844	2,149,918			2,149,918
Member and public outreach	1,212,878			1,212,878	861,734			861,734
Grant activities	5,017,445			5,017,445	6,222,633			6,222,633
Total program services	8,363,167			8,363,167	9,234,285			9,234,285
General and administrative	1,420,093			1,420,093	1,260,550			1,260,550
Fundraising	228,027			228,027	292,637			292,637
Total supporting services	1,648,120			1,648,120	1,553,187			1,553,187
Total expenses	10,011,287			10,011,287	10,787,472			10,787,472
Change in net assets	37,285	412,959	341,687	791,931	193,984	117,995		311,979
Net assets, beginning of year	1,331,832	793,324		2,125,156	1,137,848	675,329		1,813,177
Net assets, end of year	\$ 1,369,117	\$ 1,206,283	\$ 341,687	\$ 2,917,087	\$ 1,331,832	\$ 793,324	\$ -	\$ 2,125,156

See Notes to Financial Statements

NATIONAL CASA ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Program Services			Supporting Services				
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Grantee disbursements	\$ -	\$ -	\$ 4,805,513	\$ 4,805,513	\$ -	\$ -	\$ -	\$ 4,805,513
Personnel and payroll taxes	1,496,180	643,616	173,779	2,313,575	588,721	102,441	691,162	3,004,737
Contract services	308,779	153,858	3,000	465,637	203,516	66,559	270,075	735,712
Travel and subsistence	94,995	269,485	4,670	369,150	172,253	10,646	182,899	552,049
Rent	44,683	42,942	11,133	98,758	136,838	28,628	165,466	264,224
Program promotion and other	74,469	70,517	13,300	158,286	102,838	847	103,685	261,971
Office supplies and postage	55,995	14,101	191	70,287	98,901	7,018	105,919	176,206
Professional fees					88,213	11,888	100,101	100,101
Telephone and toll-free number	46,732	8,481	5,859	61,072	14,777		14,777	75,849
Printing	11,011	9,878		20,889	2,791		2,791	23,680
Insurance					11,245		11,245	11,245
Total expenses	\$ 2,132,844	\$ 1,212,878	\$ 5,017,445	\$ 8,363,167	\$ 1,420,093	\$ 228,027	\$ 1,648,120	\$ 10,011,287

See Notes to Financial Statements

NATIONAL CASA ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	Program Services			Supporting Services				
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Grantee disbursements	\$ 50,000	\$ -	\$ 5,981,764	\$ 6,031,764	\$ -	\$ -	\$ -	\$ 6,031,764
Personnel and payroll taxes	1,433,438	609,606	167,199	2,210,243	581,459	79,204	660,663	2,870,906
Contract services	189,776	143,944	49,510	383,230	151,707	82,018	233,725	616,955
Travel and subsistence	320,464	46,377	9,752	376,593	154,512	46,611	201,123	577,716
Rent	47,182	41,376	10,727	99,285	30,648	27,584	58,232	157,517
Program promotion and other	30,420	1,502		31,922	140,175	8,913	149,088	181,010
Office supplies and postage	21,192	5,761	499	27,452	93,703	21,471	115,174	142,626
Professional fees					80,626	10,970	91,596	91,596
Telephone and toll-free number	38,737	3,428	2,062	44,227	15,679		15,679	59,906
Printing	10,934	6,587		17,521	38	15,178	15,216	32,737
Insurance	2,867	1,190	433	4,490	10,432		10,432	14,922
Depreciation	4,908	1,963	687	7,558	1,571	688	2,259	9,817
Total expenses	\$ 2,149,918	\$ 861,734	\$ 6,222,633	\$ 9,234,285	\$ 1,260,550	\$ 292,637	\$ 1,553,187	\$ 10,787,472

See Notes to Financial Statements

NATIONAL CASA ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Cash received from grants and contributions	\$ 9,614,386	\$ 10,095,859
Cash received from membership dues and conferences	724,881	566,938
Investment income received	14,176	17,526
Cash paid to suppliers	(2,191,576)	(1,547,759)
Cash paid to employees	(3,036,111)	(2,922,404)
Grants paid	(5,176,513)	(6,031,764)
	(50,757)	178,396
Net cash flows from operating activities	(50,757)	178,396
Cash Flows from Investing Activities		
Proceeds from sales of investments	9,247	13,006
Purchases of investments (and dividends reinvested)	(11,630)	(1,686)
	(2,383)	11,320
Net cash flows from investing activities	(2,383)	11,320
Net change in cash	(53,140)	189,716
Cash balance, beginning of year	1,638,260	1,448,544
Cash balance, end of year	\$ 1,585,120	\$ 1,638,260
Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	\$ 791,931	\$ 311,979
Contributions receivable restricted for the endowment	(341,687)	
Depreciation		9,817
Loss on investments	14,719	2,633
Change in operating assets and liabilities		
Receivables	(122,807)	(421,761)
Prepaid expenses	5,960	(15,502)
Accounts payable and accrued vacation payable	(27,873)	(79,770)
Grants payable	(371,000)	371,000
	(50,757)	178,396
Net cash flows from operating activities	\$ (50,757)	\$ 178,396

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

National CASA Association ("National CASA") is a non-profit membership organization whose member programs are charged with advocating for the best interest of abused and neglected children in juvenile dependency court. National CASA supports its member organizations in the development, growth, and continuation of programs which recruit and train volunteers to serve as Court Appointed Special Advocates ("CASA"). CASA volunteers (sometimes called Guardians Ad Litem or GAL volunteers) are appointed by judges to be the independent eyes and ears of the court, watching over and advocating for a child until the child is placed in a safe, permanent home.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Income Taxes

National CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Statement Presentation

National CASA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions that are received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of unexpended contributions restricted for particular purposes. Temporarily restricted net assets are presented as restricted income and are transferred to unrestricted net assets as expenditures are incurred for the restricted purpose. Temporarily restricted net assets listed by funding source consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Jewelers for Children (Restricted to pass-through grants to CASA programs)	\$ 600,000	\$ 510,024
Toy Industry Foundation (Restricted for advocate training and education, public awareness and collaborative partnerships, and community investments)	174,273	175,000
Akerman Fund (Restricted for local program support and sponsored events)	276,458	
Hearst Foundation (Restricted for training initiatives)	58,109	100,000
Akerman Fund (Time restricted for general use)	38,164	
Michael Piraino Legacy Fund (Restricted for CEO transition costs)	34,646	
Akerman Fund (Restricted for sponsored events)	19,082	
Parks Foundation Fund (Restricted for CEO transition costs)	5,551	
Charles Epstein contribution (Restricted for CASA Project in Israel)		8,300
Total	<u>\$ 1,206,283</u>	<u>\$ 793,324</u>

Permanently Restricted Net Assets

Permanently restricted net assets consist of the Akerman Scholarship Fund. The balance has been pledged, but no funds have been received as of December 31, 2015, so the entire balance is recorded on the 2015 statement of financial position as contributions receivable restricted for the endowment. The balance is expected to be received over the next four years and is included with contributions receivable in Note 2. Income from this will be used to fund scholarships for foster children.

Cash

Cash includes cash in banks and money market funds. National CASA has amounts deposited with a financial institution in excess of federally insured limits. These amounts are used to fund regular operations.

Investments

Investments are measured at fair value, and the change in value is included in the change in net assets. Fair value is defined as an exit price, representing the amount that would be received to sell an asset in an orderly transaction between market participants. The fair value measurement of the investments was determined using Level 1 observable market inputs, within the fair value hierarchy, consisting of quoted prices in active markets for identical assets. Investments consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Mutual funds		
Large cap growth	\$ 52,623	\$ 54,723
Large cap blend	47,709	48,970
Foreign large blend	24,883	25,856
World bond	23,132	24,898
World allocation	10,654	12,370
High yield bond	7,629	8,628
Exchange traded funds		
Intermediate bond	56,066	55,804
Mid-cap value	25,441	26,294
Small-cap value	14,804	16,099
Diversified emerging markets	8,415	10,050
	<u>\$ 271,356</u>	<u>\$ 283,692</u>

Interest and investment income (loss) is composed of the following at December 31:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 14,176	\$ 17,526
Realized/unrealized loss on investments	(14,719)	(2,633)
	<u>\$ (543)</u>	<u>\$ 14,893</u>

Receivables / Revenue

The receivable from the United States Department of Justice consists of funds that have been earned, but not yet received. Contributions receivable represent pledges that have been received, but have not yet been collected. Amounts due from one foundation represented 84% of the contributions receivable balance at December 31, 2015. There were no such concentrations at December 31, 2014.

Grant revenues are recognized when expenditures related to the grants are made. Contributions are recognized when the pledge is made.

Conference fees are recognized when the related conference takes place. Membership dues are recognized in the year to which they apply. Of the total corporate and foundation contributions, 65% were from two foundations in 2015, and 81% were from two foundations in 2014. One individual represented 15% of individual contributions in 2014. There were no such concentrations at December 31, 2015.

National CASA received contributions of \$119,683 from members of National CASA's Board of Directors during the year ended December 31, 2015 (\$43,829 in 2014).

Furniture and Equipment

Furniture and equipment is recorded at cost, if purchased, or at fair value at the date of receipt, if donated. National CASA's policy is to capitalize assets with a cost or donated value greater than \$5,000 and a useful life in excess of one year. Depreciation is computed by the straight-line method over the estimated useful lives for furniture and equipment. At December 31, 2015 and 2014, National CASA has furniture and equipment with a cost of \$169,634 that is fully depreciated.

Grants Payable

Grants awarded at year-end but not yet paid are recognized as grants payable. The balance was \$371,000 at December 31, 2014 (none at December 31, 2015).

Subsequent Events

National CASA has evaluated subsequent events through the date these financial statements were available to be issued, which was April 4, 2016. See Note 5.

Note 2. Contributions Receivable

Pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value, which is measured at present value of the future cash flows. The discounts (if any) on those amounts are computed using a donor-specific discount rate of 3% in 2015 (based on the creditworthiness of the donors and history of collections), and an estimated allowance for doubtful accounts. Amortization of the discount is included in the gifts and contributions revenue in the statements of activities. Management determined no allowance for doubtful accounts was necessary at December 31, 2015 or 2014.

	<u>2015</u>	<u>2014</u>
Amounts due in:		
Less than one year	\$ 216,348	\$ 62,663
One to five years, net of present value discount of \$29,610 for 2015	<u>591,640</u>	
	807,988	62,663
Less: Long-term portion	249,953	
Less: Contributions receivable restricted for endowment	<u>341,687</u>	
Current portion - contributions receivable	<u><u>\$ 216,348</u></u>	<u><u>\$ 62,663</u></u>

Note 3. Lease Commitments

National CASA leases office space under two operating leases, which expire on June 30, 2016, and January 31, 2021. Rent expense for 2015 and 2014 was \$264,224 and \$157,517, respectively.

Future minimum rental payments for the years ending December 31 are as follows:

2016	\$	238,373
2017		188,352
2018		188,352
2019		188,352
2020		188,352
Thereafter		15,696
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	\$	1,007,477
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Note 4. Grant Commitments

National CASA has committed to distribute approximately \$1,200,000 to local and state CASA organizations between October 1, 2015, and September 30, 2016. Of this amount, National CASA distributed a total of \$145,550 through December 31, 2015. Funding for this program is received from the United States Department of Justice (Cooperative Agreement) for pass-through grants.

National CASA has committed to distribute approximately \$4,050,000 to local and state CASA organizations between June 1, 2014, and May 31, 2016. Of this amount, National CASA distributed a total of \$3,009,900 as of December 31, 2015. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.

National CASA has committed to distribute approximately \$4,050,000 to local and state CASA organizations between June 1, 2016, and May 31, 2017. National CASA has not yet distributed funds as of December 31, 2015. Funding for this program is received from the United States Department of Justice (Grant) for mentoring pass-through grants.

Note 5. Subsequent Event

Effective April 1, 2016, National CASA will match eligible employees' 403(b) contributions at 7% of employee contributions up to a maximum of \$1,260.